

**JUNE 10, 2010 MORTGAGE FRAUD CRACKDOWN
CENTRAL DISTRICT OF CALIFORNIA
SIGNIFICANT CASES SINCE MARCH 1**

Federal and local authorities made a series of arrests in Ventura County this morning after a federal grand jury last week indicted a total of 14 individuals linked to mortgage fraud operations that filed fraudulent loan applications, collected millions of dollars in fees and commissions, and caused millions of dollars in losses when the homes went into foreclosure. Two indictments outline schemes in which real estate professionals prepared mortgage applications that contained false information about borrowers' income, employment, assets, and intent to occupy the properties. (AUSAs Mark Aveis and Ed Alon)

In a case indicted yesterday, the two owners of Premier One Lending Group, a mortgage brokerage firm operating in Orange and Los Angeles Counties, were charged with in a scheme that allegedly obtained more than \$30 million in loans by submitting hundreds of loan applications that substantially inflated the borrowers' true income and assets. Mildred Morales, 31, of Los Angeles, and Eduardo Ruiz, 32, of Northridge, employed about eight loan officers in 2006 and 2007, when Premier One fabricated false income and asset figures for clients and submitted fraudulent bank statements and income verification documents to lenders. Each defendant faces up to 45 years in federal prison if convicted of the conspiracy and mail fraud charges in the indictment. (AUSA Joseph McNally)

Prosecutors yesterday filed a civil lawsuit against several real estate professionals alleging an ongoing scheme to obtain government-insured mortgage loans for unqualified borrowers. The complaint, which alleges violations of several fraud and false statement statutes, seeks a preliminary injunction to immediately shut down the fraudulent operation being run out of The Team Realty Group in Riverside, California. The complaint alleges that, for the past three years, Peter Morris, a California licensed real estate broker, and other professionals working at Morris' Team Realty Group submitted false and fraudulent documents to banks to make their clients appear to be eligible for mortgage loans insured by the FHA or the VA. The defendants allegedly fabricated paystubs, bank statements, letters from government agencies regarding nonexistent benefits, and other documents to support the fraudulent loan applications, which continue to be submitted to banks. The complaint details approximately 15 fraudulent loans ranging from approximately \$100,000 to \$350,000. (AUSAs Sekret Sneed and Indira Cameron-Banks)

In a civil lawsuit filed on Tuesday, prosecutors allege that real estate professionals associated with Beechwood Realty in Moreno Valley caused at least \$750,000 in losses after helping clients fraudulently obtain loans. According to the complaint, in 2008 and 2009, former IndyMac Bank loan officer Lisa Ledezma, of Moreno Valley; her husband, Beechwood Realty real estate agent Richard Ledezma; and Beechwood Realty real estate agents Jesus Aguirre, of Riverside, and Raquel Gallegos, of Diamond Bar, represented clients who wanted to purchase a new home, but owned an existing property that they could neither sell nor afford to keep. In order to qualify

their clients for FHA-insured home loans issued by IndyMac Bank, these professionals allegedly fabricated fraudulent rental agreements for their clients' existing homes and included the non-existent rental income on loan applications. Many of the fraudulently obtained FHA-insured loans are now in default. (AUSA Geoffrey Wilson)

Two defendants received prison sentences in court orders filed last month for their roles in an Orange County scheme that caused lenders to suffer at least \$7 million in losses. Mikhail Kosachevich, of Orange, who operated a mortgage brokerage firm in Orange County, was sentenced to 33 months in prison. Jeffrey Gerken, also of Orange, who worked as a loan processor for Kosachevich, was sentenced to six months in prison. Kosachevich's business partner, Jared Tornow was sentenced to 70 months in January (see: <http://www.justice.gov/usao/cac/pressroom/pr2010/005.html>). As part of the scheme that led banks to fund more than \$40 million in loans, the three defendants submitted hundreds of loan applications to lenders that inflated borrowers' income and assets. To substantiate the inflated income and asset amounts, Kosachevich created bogus W-2 forms and bank statements and submitted them to lenders. (AUSA Joseph McNally)

Last Friday, a federal grand jury in Los Angeles indicted the owner of a Santa Fe Springs real estate company on four counts of making false statements to financial institutions and two counts of money laundering. Javier Guerrero, of Los Angeles, who owned Tri-Star Realty & Investments, solicited straw buyers – including his own parents – to purchase luxury residential properties in Scottsdale, Arizona. Guerrero and Tri-Star submitted fraudulent loan applications to various financial institutions to purchase and refinance the Arizona properties. Guerrero then used some of the loan proceeds as down payments for additional Arizona properties. The properties charged in the indictment have all been foreclosed upon, causing the financial institutions to suffer losses of approximately \$2.3 million. (AUSA Kerry O'Neill)

Ata Dighlawi, of Lake Elsinore, California, was sentenced Monday to 33 months in federal prison and ordered to pay approximately \$438,000 in restitution for his role in a scheme to purchase properties and apply for inflated home loans in the name of his deceased father. (AUSAs Steve Goorvitch and Mike Wilner)

A Lancaster man pleaded guilty last month to participating in a scheme that promised help to owners of distressed homes. Gerald Guidry pleaded guilty to conspiracy and making false statements for his role in a scheme to defraud homeowners by promising to delay or prevent foreclosures on their homes and pay-off delinquent mortgages in exchange for the homeowners making payments and transferring title to Guidry or his alleged co-conspirator, Jeff McGrue, who is scheduled to go to trial on June 29. (AUSAs Evan Davis and Steve Goorvitch)

A Long Beach woman was sentenced last week to two years in federal prison and ordered to pay \$777,000 in restitution. Latrice Shaunte Borders previously pleaded guilty to her role in a bank

fraud scheme involving a fraudulent real estate transaction where the seller and buyer did not know anything about the purported sale. A Lancaster man was sentenced in December to eight years in prison for his role in the scheme (see:

<http://www.justice.gov/usao/cac/pressroom/pr2009/144.html>) (AUSA Edward E. Alon)

Three defendants were indicted late last month on charges of participating in a conspiracy to defraud Inland Empire homeowners facing foreclosure. The indictment charges that Gregory Flores, of Capitan, New Mexico; Sheri Gale, of Descanso, California ; and Amy Hall, of Carlsbad, California; while employed by the Tacoma, WA -based All Fund Mortgage, duped homeowners into relinquishing title to their properties to straw buyer "investors" whose inflated income, assets, and employment were fraudulently reported to lenders. The three defendants allegedly received a portion of the loan proceeds in this case that caused lending institutions to suffer losses of \$1.1 million. Two other defendants pleaded guilty last month to subscribing to false tax returns for failing to report income received related to the scheme. (AUSA Sean Lokey)

Three defendants have been convicted for using straw buyers to purchase seven properties under straw borrowers' names and credit in a scheme that cause lenders to suffer more than \$1.5 million in losses. In addition to providing false income and employment information for the straw buyers, the defendants – Ashley Allison, of Lake Forrest, California; Curtis Morris, of Durham, North Carolina, formerly of Corona, California; and Frederick Wood, of Fontana, California -- purchased the properties for approximately 10 percent over the asking price, telling the seller that the excess money would be used for renovations. The 10 percent surplus was simply skimmed off by the defendants. All seven properties went into foreclosure. In March, Ashley was sentenced to 30 months in federal prison and was ordered to pay \$1,501,823 in restitution. Morris pleaded guilty in March and will be sentenced in September. Wood pleaded guilty in January and will be sentenced in October. (AUSA Brett Sagel)

Two Simi Valley residents pleaded guilty last Friday in related bribes designed to expedite short sales. Ricardo Cubillas, 34, who worked in Bank of America's loan department in Simi Valley, pleaded guilty to a felony charge for accepting a \$2,000 cash bribe. Real estate agent Sandra Meza, 32, pleaded guilty to a misdemeanor for paying Cubillas an \$850 cash bribe in exchange for him expediting a short sale. (AUSA James Bowman)

A Downey man is scheduled to go on trial next Tuesday on charges related to four fraudulent loan applications where he allegedly lied about his employment, income and use of aliases. Mike Otero, also known as Luis Lopez, was indicted last month in the scheme that allowed him to obtain loans totaling over \$1.6M from victim lenders, including IndyMac Bank, Bank of America, Citibank, and Washington Mutual. (AUSA Jennifer Chou)

San Bernardino real estate agent Harold Meza pleaded guilty last month to participating in a

mortgage fraud scheme with Karla Preciado, of Apple Valley. The pair submitted false documents and information to obtain FHA-insured financing for properties brokered for sale by Meza. Preciado was sentenced earlier this month to three years of probation and was ordered to pay \$167,781 in restitution. Meza will be sentenced on September 27. (AUSA Joseph Widman)

Two brothers were charged on Monday with mail fraud in a case that investigators believed caused losses of approximately \$580,000. Ryan Manzanares and Jeff Manzanares, who worked at the now-defunct Bridges Finance, allegedly defrauded mortgage lenders by using false information on loan applications. (AUSA Sarah Heidel)

A Ventura County tax return preparer was indicted in April for allegedly helping a client fraudulently obtain a mortgage. Benjamin Aparicio, of Fillmore, California, is scheduled to go on trial in November on 13 counts of preparing false tax returns and two counts wire fraud. The indictment alleges, among other things, that Aparicio prepared a false income tax reference letter on behalf of a home loan borrower for the purpose of fraudulently obtaining a \$300,000 home loan. (AUSAS Robert Conte and Charles Pell)

Three people who fabricated false documents that were used to support fraudulent loan applications pleaded guilty in May to conspiracy to commit mail fraud. Gilma Ruiz, of Las Vegas, Nevada; Francisco Ruiz, of Las Vegas, Nevada; and Mario Hernandez, of Los Angeles, are among defendants that were convicted as part of a mortgage fraud investigation that led to charges against approximately 20 defendants, including mortgage brokers, loan officers, CPAs, and "forgers." The three who pleaded guilty in May admitted that they submitted false bank statements to both federally insured financial institutions and other commercial lenders to obtain both original and refinance loans for borrowers. The three defendants helped cause more than \$1 million dollars in losses to financial institutions. The three defendants are scheduled to be sentenced in January. (AUSA Jennifer Waier and Joe McNally)

Three defendants convicted as part of a wide-ranging scheme that obtained tens of millions of dollars in fraudulent mortgages have been sentenced in the past three months. A total of 11 defendants were convicted on federal charges resulting from the scheme to inflate the prices of exclusive real estate throughout California to obtain mortgage loans for hundreds of thousands of dollars more than the homes really cost. The defendants included mortgage brokers and bankers, a developer, appraisers, real estate agents, a loan processor, an escrow officer, and others (see: <http://www.justice.gov/usao/cac/pressroom/pr2010/020.html>). In April, property scout Jamieson Matykowski, of Laguna Niguel, was sentenced to 18 months in prison and was ordered to pay approximately \$42 million in restitution. Also in April, appraiser L. Scott Robinson, of Dana Point, who inflated the value of the properties in the case, was sentenced to one year in prison and was ordered to pay restitution. On Monday, loan processor Nicole LaViolette, of Palm Springs was sentenced to four years probation – two of which must be served under house arrest – and was ordered to pay \$41 million in restitution. (AUSAs Jeremy Matz and Mike Wilner)